

# Office Development

## Overview of Office Development

With the third largest office inventory in the country, DC offers one of the best markets for investors, developers, corporate offices and tenants. Net absorption has remained strong, lease rates and purchase prices continue to rise, and vacancy rates hover at the 7% mark. Nearly 12 million square feet of space have been delivered since 2001, and over 6 million square feet of space is currently under construction or renovation.

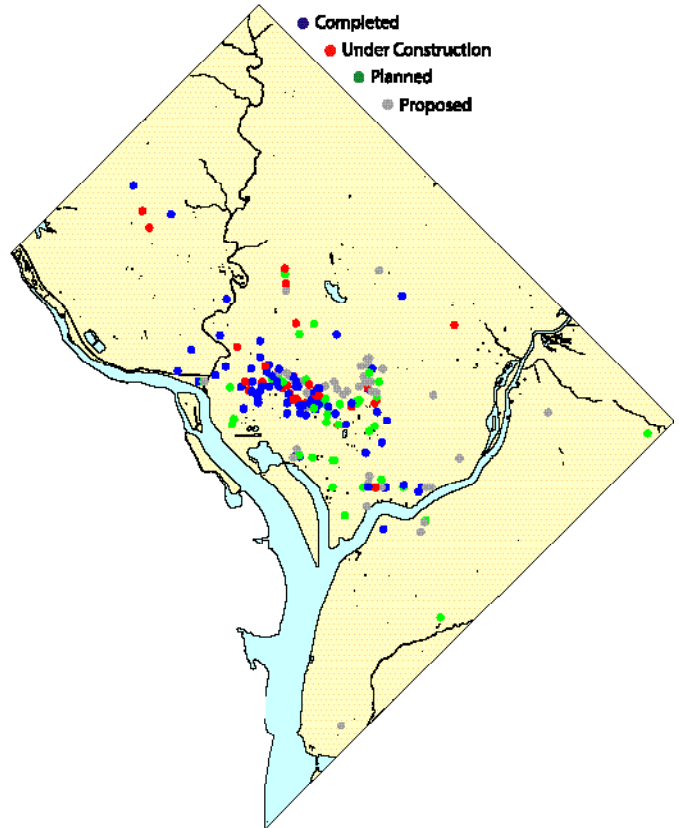
Investors continue to rank the District as the # 1 office investment market nationally and internationally. When the current construction cycle is completed the District's inventory of office space will exceed 119 million square feet.

### Office Development (August 2003)

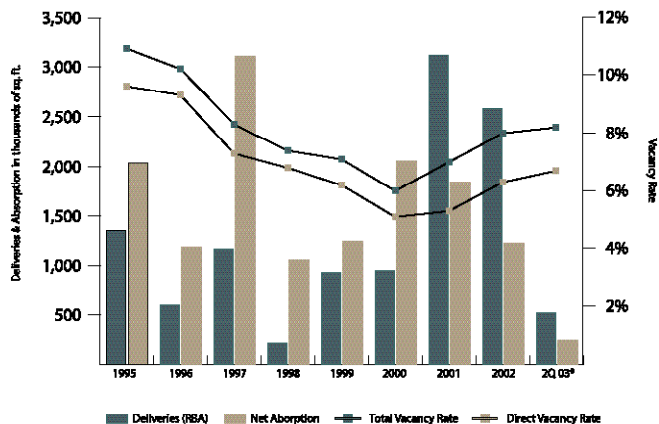
	Projects	Square Feet	Project Cost*
Completed in 2001	31	6,601,929	\$1,294,812,000
Completed in 2002	33	3,659,465	\$1,079,236,000
Completed in 2003 YTD	14	1,646,078	\$615,026,000
Under Construction	31	6,036,380	\$2,131,979,000
Planned	43	13,971,468	\$4,495,050,000
Proposed	46	15,754,575	\$4,896,175,000
<b>TOTAL</b>	<b>198</b>	<b>47,669,895</b>	<b>\$14,512,278,000</b>

\*project cost may include non-office components

### Office Development

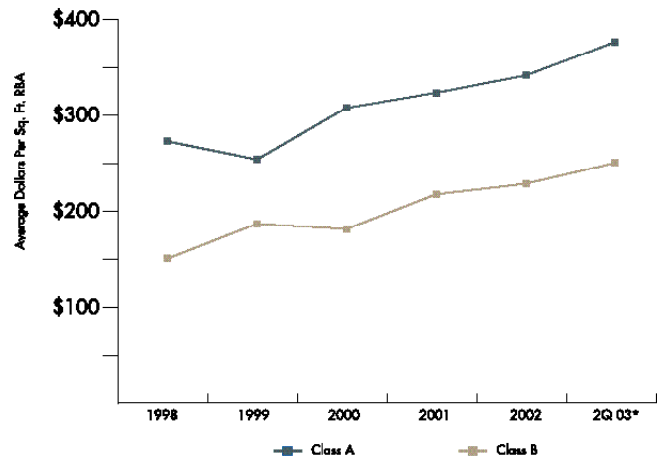


## Deliveries, Absorption & Vacancy Trends



Source: CoStar

## Office Building Sales



Source: Advantis/GVA

# Office Development

## Office Transactions

### Office Building Sales (2002 - 2Q 2003)

Address	Year	Sales Price	Purchaser
250 & 300 E Street, SW	2002	\$345,000,000	Wells Real Estate Investment Trust
3000-3050 K Street, NW	2003	\$184,750,000	Broadway Real Estate Partners
1201 & 1225 Eye Street, NW	2002	\$164,500,000	Beacon Capital Partners
800 K & 801 Eye Street, NW	2002	\$162,373,000	The John Akridge Cos. / Seaton Benkowski & Partners
2300 N Street, NW	2003	\$113,904,000	Blue Capital Investments
1615 L Street, NW	2002	\$112,500,000	The Halle Companies / Galaxy
1101 Pennsylvania Ave., NW	2003	\$107,700,000	KanAm Real Estate
700 13th Street, NW	2003	\$96,500,000	Lend Lease Real Estate Investment
2445 M Street, NW	2002	\$84,500,000	Beacon Capital Partners
1500 K Street, NW	2002	\$83,625,000	Grovesnor Atlantic
601 New Jersey Avenue, NW	2002	\$81,500,000	Polinger Development Company
840 1st Street, NE	2003	\$80,250,000	Stephen A. Goldberg Cos.
799 9th Street, NW	2002	\$77,000,000	Blue Capital Investments
810 7th Street, NW	2003	\$74,600,000	KanAm Real Estate
1325 G Street, NW	2002	\$74,000,000	Tishman Speyer Properties/Lehman Brothers

Source: GWCAR and Advantis/GVA

### Major Non-Renewal DC Office Leases (2002 - 2Q 2003)

Tenant	Year	SF	Location
GSA - Department of Transportation	2002	1,350,000	Southeast Federal Center
Wilmer, Cutler & Pickering	2003	525,000	1801-1899 Pennsylvania Avenue
Dickstein Shapiro Morin & Oshinsky	2003	417,029	1825 Eye Street, NW
GSA - Securities & Exchange Commission	2002	400,000	600 2nd Street, NE
Finnegan Henderson Farabow Garrett & Dunner	2002	251,337	901 New York Avenue, NW
CareFirst BlueCross/BlueShield	2002	244,300	840 1st Street, NE
GSA-Department of Interior- National Park Service	2002	219,750	1201 Eye Street, NW
Winston & Strawn	2002	153,900	1700 K Street, NW
DC Government	2002	149,656	77 P Street, NE
GSA-Environment Protection Agency	2002	135,975	1310 L Street, NW
Corporate Executive Board	2002	122,603	2020 K Street, NW
O'Melveny & Meyers (Law Firm)	2002	118,484	1625 Eye Street, NW
GSA - Housing & Urban Development	2003	116,672	550 12th Street, SW
GSA - US Department of Justice	2003	96,776	800 N. Capitol St., NW
Powell, Goldstein, Frazer & Murphy	2003	85,131	901 New York Ave., NW

Source: GWCAR and Advantis/GVA

## Office Development Pipeline

### Top 10 Office Projects Completed (2001 - August 2003)

Project Name	Location	Ward	Developer(s)	Office SF	Estimated Value	Delivery
Navy Yard Redevelopment	Navy Yard	6	NAVSEA	2,000,000	\$200,000,000	2001
Union Station Telecom Center	131 M Street, NE	6	Tishman Real Estate Services	442,411	\$50,000,000	2001
Investment Building	1501 K Street, NW	2	Kaempfer Company	364,500	\$120,000,000	2001
Edison Place	701 9th Street, NW	2	Potomac Capitol Investment	335,000	\$92,000,000	2001
101 Constitution Avenue	101 Constitution Ave, NW	6	American Realty Advisors	491,000	\$150,000,000	2002
American Red Cross	2025 E Street, NW	2	Clark Construction Group Inc	462,000	\$140,000,000	2002
National Academy of Sciences	500 5th Street, NW	6	National Academy of Sciences	333,600	\$130,000,000	2002
Terrell Place	575 7th Street, NW	2	CarrAmerica Urban Development LLC	457,000	\$150,000,000	2003
One Potomac Center (South Tower)	550 12th Street, SW	2	JBG Companies	438,000	\$70,000,000	2003
1625 Eye Street	1625 Eye Street, NW	2	Trammell Crow Company	368,000	\$120,000,000	2003

### Top 10 Office Projects Under Construction (August 2003)

Project Name	Location	Ward	Developer(s)	Office SF	Estimated Value	Delivery
One Metro Center	701 13th Street, NW	2	Tishman Speyer Properties	418,000	\$140,000,000	2003
Woodward & Lothrop Renovation	1025 F Street, NW	2	Douglas Development Corporation	354,000	\$100,000,000	2003
Federal Gateway	140 M Street, SE	6	Spaulding and Slye Colliers	293,000	\$50,000,000	2003
Station Place Building One	100 F Street, NE	6	Louis Dreyfus Property Group	650,000	\$165,000,000	2004
901 New York Avenue	901 New York Ave, NW	2	Boston Properties	510,031	\$180,000,000	2004
900 7th Street	900 7th Street, NW	2	John Akridge Companies	334,000	\$96,000,000	2004
International Monetary Fund	1900 Pennsylvania Ave, NW	2	CarrAmerica Urban Development LLC	635,000	\$145,000,000	2005
1700 K Street	1700 K Street, NW	2	Charles E Smith Commercial Realty	372,000	\$100,000,000	2005
Station Place Building Two	600 2nd Street, NE	6	Louis Dreyfus Property Group	325,000	\$93,500,000	2005
One Patriot Plaza	395 E Street, SW	2	Trammell Crow Company	280,000	\$90,000,000	2005

### Top 10 Office Projects Planned & Proposed

Project Name	Location	Ward	Developer(s)	Office SF	Estimated Value	Delivery
Department of Transportation HQ	Third St & New Jersey Ave, SE	6	JBG Companies	1,350,000	\$400,000,000	2006
Waterfront	401 M Street, SW	6	Kaempfer Co. & Forest City	2,000,000	\$400,000,000	2009
NoMA Metro Site (Square 711)	First Street & M Street, NE	6	John Akridge Companies	1,885,000	\$520,000,000	n/a
One NoMa Station	131 M Street, NE	6	Bristol Group	1,800,000	\$495,000,000	n/a
Riverside	2nd Street & R Street, SW	6	John Akridge Companies	1,365,250	\$375,000,000	n/a
Massachusetts Center Bldg A	Massachusetts Ave, NW	6	Washington Development Group	1,300,000	\$350,000,000	n/a
Southeast Federal Center	Southeast Federal Center	6	JBG Companies	1,200,000	\$400,000,000	n/a
Prevocational School Site	801 New Jersey Ave, NW	6	New Jersey & H LP, NJ-H Inc	1,149,000	\$470,000,000	n/a
Burnham Place at Union Station	Union Station air rights	6	John Akridge Companies	1,100,000	\$700,000,000	n/a
New York Avenue Gateway	101 New York Ave, NE	5	Northeast Gateway Associates LP	974,000	\$250,000,000	n/a

# Office Highlights

## Department of Transportation Headquarters



Rendering courtesy of Michael Graves and Associates

The Department of Transportation headquarters building will be the largest federal government construction undertaking since the Pentagon. The project will feature two buildings located in the Southeast Federal Center, and both will have underground parking. Construction is scheduled to start in 2004.

### Department of Transportation Headquarters

Location:	3rd Street & M Street, SE
Ward:	6
Developer(s):	JBG Companies
Architect(s):	Michael Graves and Associates & DMJM Design
Total SF:	1,350,000
Estimated Project Cost:	\$400 million
Project Status:	Planned
Targeted Delivery:	2006

## Station Place Building One & Two



Rendering courtesy of Kevin Roche, John Dinkelo and Associates

Station Place Project consists of three buildings totalling over 1.5 million sq. ft. The first two buildings are under construction and leased to the SEC. 100 F Street (650,000sq. ft) is set to deliver in 2004 while 600 2nd Street (340,000 sq. ft.) will deliver in 2005. Building Three (525,000 sq. ft.) will deliver within 24 months of signing a major lease.

### Station Place Building One & Two

Location:	100 F Street, NE & 600 2nd Street, NE
Ward:	6
Developer(s):	Louis Dreyfus Property Group
Architect(s):	Kevin Roche
Total SF:	990,000
Estimated Project Cost:	\$260 million
Project Status:	Under Construction
Targeted Delivery:	2005



Photo by: Chad Shuskey/Washington, DC Marketing Center



## 901 New York Avenue



Rendering courtesy of Boston Properties

One block from the new Washington Convention Center, this will be one of the largest office projects in DC to deliver in 2004 to 2005 timeframe. Designed by the award winning firm of Davis Carter Scott, it will feature underground parking, retail, a fitness center and roof deck. 10th Street is symbolically represented on the site through the use of a pedestrian arcade.

### 901 New York Avenue

Location:	901 New York Ave, NW
Ward:	2
Developer(s):	Boston Properties
Architect(s):	Davis Carter Scott
Total SF:	538,000
Retail SF:	28,000
Estimated Project Cost:	\$180 million
Project Status:	Under Construction
Targeted Delivery:	2004



Photo by: Chad Shuskey/Washington, DC Marketing Center

## American Red Cross



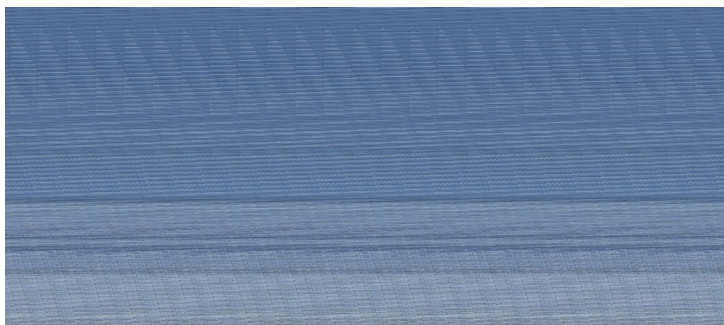
Photo by: Chad Shuskey/Washington, DC Marketing Center

The new national headquarters combines historic preservation and new construction in a 462,000 sq. ft. building. The existing Red Cross Chapter House (85,000 sq. ft.) is incorporated into the project, relocated from the middle of the site to the front of the property with the new 10-story office tower located behind it.

### American Red Cross

Location:	2025 E Street, NW
Ward:	2
Developer(s):	American Red Cross
Architect(s):	Shalom Baranes Associates
Total SF:	462,000
Estimated Project Cost:	\$140 million
Project Status:	Completed
Targeted Delivery:	2002

## Terrell Place



Rendering courtesy of CarrAmerica Urban Development

### Terrell Place

Location:	575 7th Street, NW & 650 F Street, NW
Ward:	2
Developer(s):	CarrAmerica Urban Development LLC
Architect(s):	SmithGroup
Total SF:	624,000
Office SF:	457,000
Residential Units:	29
Retail SF:	36,000
Estimated Project Cost:	\$150 million
Project Status:	Completed
Targeted Delivery:	2003



Photo by: Chad Shuskey/Washington, DC Marketing Center

A combination of renovation and new construction, this project will include 457,000 sq. ft. of office space, 35,500 sq. ft. of retail and 29 condominiums. The centerpiece of the project is the renovated former Hecht's department store (148,000 sq. ft.) with the condos located in the historic Murray Building (4Q 2003 delivery) and an additional 319,000 sq. ft. of office in 650 F Street.

## Franklin Square North

Franklin Square North will be a 12-story Class A office building located on the corner of 13th and L Streets, NW. It will offer underground parking, a fitness center and a landscaped courtyard. From its granite base, masonry towers will rise twelve floors before ending in stainless steel spires which punctuate the many setbacks. The building is expected to deliver in Fall 2003.

### Franklin Square North

Location:	1100 13th Street, NW
Ward:	2
Developer(s):	Monument Realty LLC
Architect(s):	Davis Carter Scott
Total SF:	270,000
Retail SF:	14,000
Estimated Project Cost:	\$70 million
Project Status:	Under Construction
Targeted Delivery:	2003



Photo by: Chad Shuskey/Washington, DC Marketing Center